

Questions and Answers from the California Energy Commission Energy Efficiency and Conservation Block Grant Workshops

Methodology/Program Definitions

- How do you define cost-effectiveness? The California Energy Commission defines cost-effectiveness as achievement of minimum energy savings per dollar spent (10 million source British thermal units [10 MMBtu] saved per year for every \$1,000 of Energy Efficiency and Conservation Block Grant [EECBG] funds expended). The Energy Commission intends to create an on-line calculator to assist with calculation of costeffectiveness.
- What methodology is being utilized to figure out a per capita allocation?

 A formula-based methodology distributes the funding to all eligible applicants.

 The formula is \$5.00 per person times the DOE-estimated population. This result is then multiplied by 1 + the unemployment rate to determine final allocations. No city will receive less than \$25,000 and no county will receive less than \$50,000.
- You have the requirement that the project save X amount of dollars. Is that per year or over the lifetime of the product?

 The requirement is that these savings must be annual. So, a project must result in annual savings of at least 10 MMBtu of source energy per year, per \$1,000 of EECBG funds spent.
- How does job creation factor into the decision making process?

 The Energy Commission will initially be awarding funding to jurisdictions on an allocation basis. For the remaining 30-40% of EECBG funds, guidelines will be developed, and may include job creation specifically as a criterion. The Commission is focusing the small jurisdiction funding on energy efficiency projects, in part, due to labor intensity.

 Does the Energy Commission define how many jobs will be created? Will there be metrics on job creation incorporated in overall metrics for funding allocation?

The Energy Commission is waiting for further guidance from the U.S. Department of Energy (DOE). Currently, estimates reflect that 1 job is created/retained for every \$92K expended; however, we anticipate that actual hours will be collected to determine jobs created. We anticipate updated guidance from DOE.

• Will the 30-40% that is not being directly allocated be available for competitive grants? Please explain more about the 5% / 2.5% overhead. This has been referenced often, but with little details.

The Energy Commission is considering a number of options for use of the remaining block grant funding. It is likely that the funds will be used for competitive grants. The budget "trailer bills" eliminated the 5 percent limit on program administrative costs. The Energy Commission encourages applicants to minimize administrative costs to the greatest extent practicable and will ensure that any administrative costs are allowable, reasonable, allocable and auditable under this program.

- May in-kind administrative support be considered "match" funding?
 Yes.
- Does the Energy Commission have a list of cost-effective efficiency measures that local agencies can use?

Historically cost-effective project examples are available on our website (http://www.energy.ca.gov/efficiency/financing) under "Fact Sheets & Case Studies." Some examples are included in the package of program guidelines. However, this is not an exhaustive listing of all cost-effective projects available to local jurisdictions. The Energy Commission is working on a more comprehensive list and discussion of cost-effective measures.

 Calaveras and Tuolumne counties receive low electricity rates as part of the agreement that allowed New Melones Dam to be constructed. Will these low rates make it more difficult to justify the cost-effectiveness of efficiency projects?

The Commission defines cost-effectiveness as achievement of minimum annual energy savings per EECBG dollar spent (10 million source British Thermal Units (Btus) per each \$1000 of EECBG funds spent). This eliminates issues related to electricity or natural gas tariffs, that vary with service territory and other factors, unrelated to the amount of energy used.

 The guidelines state that dollars spent/project costs include only EECBG funds. How would the cost effectiveness calculation be done for a large (\$13 million) project, when the EECBG funds represent only a small portion (\$100,000) of the total project cost, with an annual savings of 2 million kwhs? We would use the \$100,000 as the denominator, so indications are that it would be very cost-effective.

• What exactly is the 60% and 40% aspect of the program? The Energy Commission is receiving \$49.6 million of EECBG funds from the U.S. DOE. Of this amount, The Commission must grant no less than 60% (approximately \$29.8 million) to small cities and counties that did NOT receive a direct EECBG allocation from the U.S. DOE. The Energy Commission may use the remaining 40% (approximately \$19.8 million) for any EECBG eligible project.

Funds Usage and Availability

- May we use these funds for current projects that are already underway? ARRA funds may be used to supplement project funding and may NOT be used to supplant funding for existing projects. The Energy Commission may reimburse recipients of EECBG funds only for allowable project expenditures that occur within the approved term of the funding agreement. The earliest start terms for EECBG funding agreements will be after the Energy Commission receives the EECBG grant award from the U.S. Department of Energy (expected in September 2009).
- What is the minimum funding amount?

 The funding to each jurisdiction is based on the formula presented above. The minimum awards are \$25,000 for a city and \$50,000 for a county. An attachment to the Program Guidelines lists the anticipated grant to each city or in the program. The Energy Commission will round the grant amounts up, to the nearest whole number.
- Would a collaborative project between several cities and the county to create a revolving loan fund be an eligible project?

 Revolving loan funds are challenging because money would need to be obligated to a revolving loan fund within the six month window, and all loan-funded projects would need to be complete and funds disbursed by the end of the three year period. We would be willing to discuss this further, but we're not sure it can be done. There is a possibility that some of the State Energy Program funds may be available for this type of program.
- May Block Grant funds going to small jurisdictions be used for energy action or climate plans, particularly to help regions deal with AB 375 obligations that are coming up?
 This formula-driven program is focused on energy efficiency projects and equipment. This is a result of both the direction in Assembly Bill 2176, Assembly Bill X4 11, and the Commission's interest in pursuing activities with strong job

creation/retention potential. The Commission may include climate action

planning in its program for the remaining block grant funding.

3

May funds be used for recycling projects?

State law requires that small jurisdictions use EECBG grants for cost-effective energy efficiency projects. If the project saves energy and is determined to be cost-effective, this may be eligible for EECBG funding.

May funds be used for waste water treatment plant combined heat and power projects?

If the project uses methane produced at the plant, it would be conserving fossil energy by supplanting it with biogas. In the past, the Commission has treated those projects like energy efficiency, which also conserves energy. The cost-effectiveness criterion applies. It would be good for anyone with a wastewater treatment CHP project to contact us about it with some specifics as soon as possible.

Are there restrictions on the allocation of funds?

At least 60% of the EECBG funds received by the Energy Commission must be passed through to small cities and counties that did not receive direct allocations from DOE. There are no restrictions on the remaining 40% of funds received by the Energy Commission other than to fund allowable projects and activities.

In terms of leveraging, may jurisdictions mix funds with Green School Funds? And combine with other cities?

Yes, you may combine funds together to complete a project. However, EECBG funds must be tracked, accounted for, and reported on separately from all other funding sources.

Are there other funds available?

Yes. Other funds are available from a number of different sources. Some examples include: Energy Commission low interest loans for energy efficiency projects; utility rebates; competitive funding solicitations from the U.S. DOE, and certainly other sources depending upon the specifics of each project.

• Will there be more funding after signing the Applications? While the Energy Commission anticipates more EECBG funds from DOE in the future, the amount and timeframe of those funds is currently unknown.

Can grants go to combined programs? Yes.

Can water conservation and/or water use efficiency projects be eligible for funding if energy efficiency or savings associated with reduced water use are demonstrated?

The Energy Commission is very supportive of water efficiency projects; however, eligible projects must be justified on basis of energy savings to meet the requirements of AB 2176 and AB X4 11.

- Could the funding be used for residential or other types of projects?

 The Energy Commission is considering this issue as it develops final proposed guidelines for the program. If the program provides cost-effective energy efficiency, it will likely be approved for the program.
- What about the local efficiency financing program for property owners?
 May these funds be used for low income housing? Is there a separate funding source for this?

Under the State Energy Program, the Energy Commission is including in its guideline development funding for competitive awards for municipal financing districts and low to moderate income energy efficiency retrofit programs to complement the work currently being done by the utilities and the Department Community Services Development. Please check the **DRAFT** SEP guidelines at: http://www.energy.ca.gov/2009publications/CEC-150-2009-004/CEC-150-2009-004-D.PDF

- May building retrofits be added to the list of potential projects?
 Cost-effective energy efficiency building retrofits are an eligible activity under EECBG.
- Gambling establishments and pools- many of these are inefficient. Why can't we retrofit them?

The federal American Recovery and Reinvestment Act (ARRA) legislation that authorized the EECBG program specifically prohibits expenditures related to gambling establishments, aquariums, zoos, golf courses or swimming pools. The Energy Commission will not consider any projects related to these prohibited activities.

• It was mentioned public agencies have inquired about retrofitting non-residential and residential buildings that are within their jurisdiction, but not owned by a public agency. I have a similar inquiry, whereas a public agency we are working for is wondering if solar panels on the new construction of a 1.6MM SF warehouse could be eligible.

Our experience is that if solar panels are photovoltaic and not thermal, it is difficult to make the project cost-effective, unless bundled with energy efficiency improvements. The State Energy Program may be a better fit for a solar-oriented project.

Educational / Outreach Programs

 The original program had an educational/outreach program; will these types of programs be available?

The cost-effectiveness of an educational program may be difficult to document and therefore would not be eligible.

- Are there separate funds for outreach education programs?

 There may be additional federal funding for education and outreach. Please visit the federal funding web portal (http://grants.gov) for more information.
- May we have an AB 811 workshop? The Energy Commission recently completed a workshop on AB 811 type programs. The workshop agenda, presentations, and WebEx recordings are available at http://www.energy.ca.gov/recovery/meetings/index.html. AB 811-type programs, which we term municipal financing programs, are part of the State Energy Program (SEP) ARRA program. Please check our website for more information (www.energy.ca.gov/recovery) and sign up on our email list server to receive notifications of upcoming events.

City Size and Competition

- The Energy Commission has not been able to replicate the results of U.S. DOE's allocation methodology exactly. The Commission submitted a list of cities/counties that appeared potentially eligible for direct EECBG allocations to DOE. DOE confirmed their calculations and made no changes to California direct allocations. As such, the cities/counties appearing on the funding list in DOE's funding solicitation are considered "large" jurisdictions. Cities/counties not appearing on this list are considered "small" jurisdictions for the purposes of EECBG funding.
- If we do not see our city on the list, what should we do?

 If your city or county is not listed in the U.S. DOE Funding Opportunity

 Announcement (DE-FOA-0000013) to receive a direct EECBG allocation from

 U.S. DOE, then your city or county is considered a "small jurisdiction." Small

 jurisdictions must apply for funding through a future funding solicitation to be
 developed and released by the Energy Commission. The earliest anticipated
 solicitation release date is August/September 2009.
- Are smaller cities going to be in a place to compete with large cities? The 40% discretionary funding should go to the small cities.

 At least 60% of the EECBG funds received by the Energy Commission must be passed through to small cities/counties. Small jurisdictions will not be required to compete with large jurisdictions for this funding. The use of the remaining EECBG funds is still under discussion at the Energy Commission and will be finalized through the program guidelines development process. Participation in the formula grant program will not preclude participation in future programs using block grant funds, if that program is open to small jurisdictions.
- Where do the population figures come from for cities and counties?

They can be found in the Federal Register, Volume 74, Number 71, April 15, 2009.

Technical Assistance

 How does one contact the Energy Commission to receive technical assistance?

The Energy Commission provides technical assistance to eligible entities through our Bright Schools Program and Energy Partnership Program. Eligible entities include local jurisdictions, public schools and hospitals. Please visit http://www.energy.ca.gov/efficiency/financing for more information.

- Will technical assistance help with resource estimates for schools? Yes, assuming the school is eligible for the Energy Commission's Bright Schools Program.
- How can the Energy Commission meet demand for technical assistance?

 The Energy Commission is currently exploring ways to increase our technical assistance capabilities to meet expected increased demand. Options include expanded staff and consultant resources as well as streamlining our current technical assistance approach.

Application/Deadlines

- What is the application process and when will it be available?

 The application process will be governed by the program guidelines which are expected to be adopted in mid-September. Soon after the guidelines are adopted, a funding solicitation will be released that will provide details on the application submittal requirements and process. However, project identification and technical evaluation of projects can begin immediately so projects are ready to go as soon as funding becomes available.
- What happens if projects are not completed by the deadline?

 Funds that are not expended by the expenditure deadline will revert back to the U.S. Department of Treasury. All projects must be complete and fully expended, that is all checks written and cashed, on or before the expenditure deadline.
- Under this process, small cities will be submitting applications in late summer?

Yes, "small" jurisdictions may apply for funding through the Energy Commission only after both program guidelines are adopted and U.S. DOE's approval of California's EECBG plan (both expected in September 2009).

 Will there be a link to either email or submit questions, proposals and comments?

Yes. Comments and questions can be submitted to eecbg@energy.state.ca.us. Proposals are expected to be received in hard copy in accordance with the upcoming funding solicitation.

- Am I correct that a direct allocation of ARRA funds will be made to jurisdictions based on population? So if the City of El Paso de Robles has a population of about 27,000, would we receive a check for \$135K automatically? Do we need to identify what we will be using the money for? The ARRA allocations will be based on population. Allocations will not be given automatically; small jurisdictions will need to apply to receive their allocation. Your application will need to detail how the funds will be spent consistent with the EECBG guidelines and solicitation documents. The EECBG solicitation will include directions and should be available in September.
- The schedule for the EECBG & SEP solicitations overlap. Should we apply to both if we believe our proposal fits both types? How do we find DOE's understanding of our population?

We will have DOE's population estimates available online. The Block Grant program funds are guaranteed for a small jurisdiction if they have a project or are willing to purchase and use cost effective, energy efficient equipment. The State Energy Program is a competitive program. There are no guarantees your jurisdiction would receive any funding under this program, however we encourage local jurisdictions to look at combining their EECBG funds with local utility rebates and other potential funding sources (such as SEP grants or an Energy Commission low-interest loan) to propose a cost effective energy efficiency project.

When will the Energy Commission post criteria?

The Energy Commission is developing criteria as part of the program guideline development process. The draft guidelines are posted now, the final proposed guidelines will be posted in mid-August.

 Would a jurisdiction be able to apply for both the pass-through funds and the discretionary fund opportunities?

A jurisdiction receiving an allocation through the EECBG program may still apply for both competitive EECBG opportunities and funding through the State Energy Program.

May individuals apply for the EECBG funds?

No. This funding is reserved for small cities and counties. Special districts and school districts are excluded; however, if local jurisdictions want to spend their money on special districts or school districts, that would be fine.

- Can the Energy Commission pay us for the time it takes to put an application together?
 No.
- Do projects that are ready have an advantage over the ones that need technical assistance? If so, that would seem to give larger jurisdictions an advantage.

While one of the EECBG goals is to fund shovel-ready projects, the Energy Commission wants to ensure that jurisdictions not yet ready, particularly smaller ones, have the opportunity to benefit from EECBG funding as well. We encourage local jurisdictions to begin identifying potential projects as soon as possible. All funds must be encumbered by March 31, 2010 (estimated) and projects must be completed by September 30, 2012 (estimated) per the Department of Energy's direction on the EECBG funding awards to the states.

Partnerships

- With regards to partnerships, would cost-effectiveness be evaluated at the project or the partnership level?
 Cost-effectiveness will be evaluated at the application level. Therefore, if a collaborative application is received, the application will be evaluated for costeffectiveness in its entirety.
- Can a community college partner with a local small city/county to help fund solar panel installations, central plant, etc.?

 Solar is difficult to do under the requirements of cost effective energy efficiency. Solar water heating fits as an "energy efficiency" project. Photovoltaic panels generate energy, they do not conserve it. A community college may partner with a city or county, but the application needs to come from the city or county. An alternative approach is the low-interest loans under the Energy Commission's Energy Conservation Assistance Act (ECAA) program.
- If we develop a partnership or collaborative effort, would that provide an advantage or disadvantage when applying for EECBG funds?

 The Energy Commission is encouraging jurisdictions to form partnerships to apply for and implement EECBG programs whenever feasible. Partnerships have the potential to minimize administrative costs and maximize available resources and expertise for project implementation. The Energy Commission is striving to ensure that there are neither advantages nor disadvantages if applying for funding under a partnership. However, it should be noted that if a local jurisdiction applies through a partnership, the funding award will be provided to the lead partnership agency for administration, not to the local jurisdiction.
- May a WIB (Workforce Investment Board) organize a partnership?
 Yes.

 Must the partnership be administered by a city or may it be lead by a regional energy office/ joint powers public agency on behalf of several small cities? Can funds be used by school districts in a partnership application?

School districts may not be part of the partnership. If an eligible jurisdiction wishes to use its money for the benefit of a school district, it may do so. Joint Powers Agencies may be the lead on a partnership, although they may not use the block grant funding for themselves, unless a city or county directs their funds for projects in the JPA.

If we collaborate, would we receive one large check?

Pending DOE approval, applicants may collaborate with each other to share and leverage their internal resources. The lead collaborator, with written authorization from the other collaborating applicants, may apply for and receive a funding award on behalf of all collaborating applicants. The Energy Commission intends to issue grant awards on a reimbursement basis; however, is looking into the possibility of advancing some funds under limited circumstances. Advanced funds have additional administrative requirements that will be detailed in either the funding solicitation or grant award agreements.

May jurisdictions come in both individually and as part of a regional application?

The Energy Commission will only accept one application per jurisdiction. If the jurisdiction is part of a partnership, the partnership's application is their application. If multiple applications are received, those applications will be returned unprocessed to the applicant.

How do partnerships work?

Partnerships are envisioned to be a group of jurisdictions or an agency working with a group (i.e., San Joaquin Clean Energy Organization) to aggregate smaller projects together into a single application. Partnerships have the ability to reduce the administrative burden of smaller projects and can ensure that smaller projects have the ability to meet the minimum program funding levels. Additionally, partnerships potentially could discuss and implement projects that would provide benefits for all partners in a given area.

 Will projects within a partnership be evaluated individually or as a group? If one project was not cost-effective, would that result in the entire partnership being affected?

The Energy Commission will evaluate partnership applications as a single project. Partnerships are encouraged to review proposed projects to ensure the overall project is cost-effective and meets all other program requirements.

Is it a hindrance to have an investor-owned utility involved?
 No.

Miscellaneous

 Are rebates from California Solar Initiative (CSI) going back to the jurisdiction? How do rebates work? Can we use rebates in conjunction with EECBG?

Yes. Rebates from the CSI or from other sources may be used in conjunction with EECBG.

- Would a Climate Action Plan- a strategic plan- be allowable?
 Yes, but would need to be coupled with other activities to meet the cost effectiveness criterion. These projects may qualify for funding under the
 remaining unallocated EECBG funding.
- Is there legislative involvement?
 Yes, the Energy Commission provides regular updates to the Governor's Office and the State Legislature.
- Will allocation of block grants and the block grant guidelines be adopted and reviewed by the Commission?
 Yes, the guidelines will be adopted at a public Energy Commission Business Meeting. Estimated guideline adoption date is September 16, 2009.
- May IOU's receive credit for energy savings that result from EECBG programs, even if Investor-Owned Utilities haven't directly funded them?
 The California Public Utilities Commission will need to make this determination.
- Would an alternative energy (wind energy) feasibility study be an allowable project under EECBG funds?
 No, eligible projects are limited to cost effective energy efficiency projects.
- What is a DUNS?

DUNS stands for "Data Universal Numbering System" and is administered by Dun and Bradstreet. In accordance with U.S. Department of Energy requirements, all applicants for EECBG funding must be registered with the Central Contractor Registry (CCR) that requires a DUNS number. Applicants can update or obtain a DUNS number by visiting www.dnb.com/US/duns_update/. Applicants can then register with CCR by visiting www.ccr.gov.

What is the bill that modifies section of AB 2176?
 AB X4 11, Chapter 11, Statutes of 2009. This billed can be viewed at http://info.sen.ca.gov/pub/09-10/bill/asm/ab_0001-0050/abx4 11 bill 20090728 chaptered.pdf.

With regards to the Buy American Act, how far down does this extend?
 Would it cover components as well as equipment?
 At this time and without further guidance from the U.S. Department of Energy, it is prudent to assume the Buy American Act applies to all elements of procurement.

 What if a city has projects that are not energy efficiency related, but are good projects?

Depending on the technology, these projects may qualify for other ARRA funds. See http://www.energy.gov/recovery/index.htm for more information.

- Do participants report to the federal government, or to the state?

 Entities receiving EECBG funding from the Energy Commission will be required to report to the Energy Commission. Entities receiving direct EECBG funding from the U.S. Department of Energy must report directly back to DOE.
- Do you see the potential reorganization of the Energy Commission causing any foreseeable problems?
 No.
- Will the Energy Commission be tracking energy savings?

 Yes. Funded projects will be required to report not only energy savings, but other performance metrics as well depending upon the specifics of each project.
- If a tribe received money for a water project, could they contribute money towards a city or partnership plan?
 Yes.
- Does the Weatherization program require a Feasibility Study? Also, if there
 is anything else we should know should we want to implement this
 program?

We require cost and savings estimates via a feasibility study. Unless your jurisdiction is choosing a direct buy option, you will need a feasibility study.

- What is the formula for energy cost escalation?
 There is currently no energy cost escalation formula. Cost-effectiveness of projects will be determined based on actual energy saved rather than energy cost savings. Therefore utility rates and energy cost escalation will not affect the cost-effectiveness of a project for the purposes of the EECBG program.
- Given that there is a 5% administration costs cap, if it were to cost 10%, could match funds be used to fund the difference in personnel costs?

 With the passage of AB X4 11, the 5% administrative cost cap was eliminated. However, to the greatest extent practicable, Applicants are encouraged to keep administrative expenses to a minimum and projects must adhere to the cost-effectiveness criterion. Administrative expenses are defined as allowable,

reasonable, and allocable direct and indirect costs related to overall management of each grant. Administrative expenses charged under this program must be for actual costs incurred, fully documented, and auditable.

 Would a \$100,000 minimum grant mean that it is 35% of the total cost of a project?

The Commission is not requiring match funding for EECBG applicants, however, match and other leveraged funding is encouraged and will assist projects in meeting the cost-effectiveness criterion.

- If there is a partnership of several local entities and partnerships, will the maximum apply to each entity or to the partnership as a whole?

 The maximum would apply to each eligible small city and/or small county within the partnership.
- Will there be a public forum before submitting guidelines/procedures for smaller cities?

The Energy Commission held a final workshop on August 3, 2009 to review the guidelines. The guidelines will be posted in mid-August for a 30-day public review period and are expected to be considered for adoption at Energy Commission's September 16th, 2009 Business Meeting. Information on the date and time of the meeting will be available on our website: http://www.energy.ca.gov/recovery/meetings

- Is it possible to repay loans with energy savings?
 Yes. The Energy Commission's existing Energy Conservation Assistance Act
 (ECAA) revolving loan program requires that repayments be made from energy
 savings resulting from the energy efficiency measures installed with the loan
 funds.
- How many cities/counties are now ready to go with their projects?
 Unknown at this time.
- Is there a match requirement on the grants for large cities? If not, why can't smaller cities take advantage of the same offer?

 There are no match requirements for either large or small cities and counties under the EECBG program.
- Does a city of 65,000 qualify as a "large" city?
 Probably. In general, the U.S. Department of Energy has defined large cities as those having populations greater than 35,000. If a city has been listed in DOE's Funding Opportunity Announcement (DE-FOA-0000013), it is considered a large city and will receive an EECBG funding award directly from DOE.
- Would water conservation projects qualify for funding?

 To qualify, the project would have to provide cost-effective energy savings.

- Do cities need to include cost-effectiveness in their applications?
 Yes.
- Can large jurisdictions apply for funds?

 Large jurisdictions are not eligible for the funds earmarked for small cities/counties. However, depending upon the final program guidelines, large jurisdictions may be eligible to apply for the remaining EECBG funds.
- The goals of energy efficiency and lasting job growth seem to be at odds, are they?

Not necessarily. The Energy Commission is seeking projects that maximize, to the greatest extent possible, both lasting job growth and energy efficiency.

- Who is responsible for designing the elements of this program?

 The Energy Commission is ultimately responsible for program design and implementation and has held numerous public workshops to obtain information from interested parties.
- Will the cost of required feasibility studies (over the \$20,000 provided through Energy Commission's Technical Assistance) be reimbursable through the grant funds once approved?

 No. We can't approve a grant until the feasibility study has been done. The \$20,000 worth of technical assistance is all the Energy Commission is able to contribute.
- Are there examples of the "feasibility studies" that the Energy Commission will require?

We will be posting examples on our website. In the meantime, if you contact the Energy Commission through eecbg@energy.state.ca.us, we would be happy to provide you with an example.

- Can a utility provide the feasibility study? Yes.
- Do prevailing wages need to be used on feasibility studies? Yes. Anytime ARRA funds are used prevailing wages apply.